



Jovenes is a place of personal transformation for homeless youth ages 18-25. A home and family for those without, Jovenes' innovative approach combines stable housing options, compassionate care, life skills training and employment support for young adults seeking a path to life change.

We want to make sure our youth understand that homelessness can **just be an experience**, not a life-long condition, and that they can succeed through perseverance, and by making wise, informed decisions with appropriate support and guidance.

Our Programs

- Jovenes Offers:

- Emergency Shelter
- Transitional Housing
- Employment and Job-Readiness Counseling
- Family Preservation Program
- Domestic Violence Program
- Outreach and Counseling to chronically homeless individuals
- Los Angeles Street Soccer Academy
- Life Skills Training
- The Beacon Network

In FY 2011:

765 clients were served

103 youth stayed in our housing programs



Our Campus

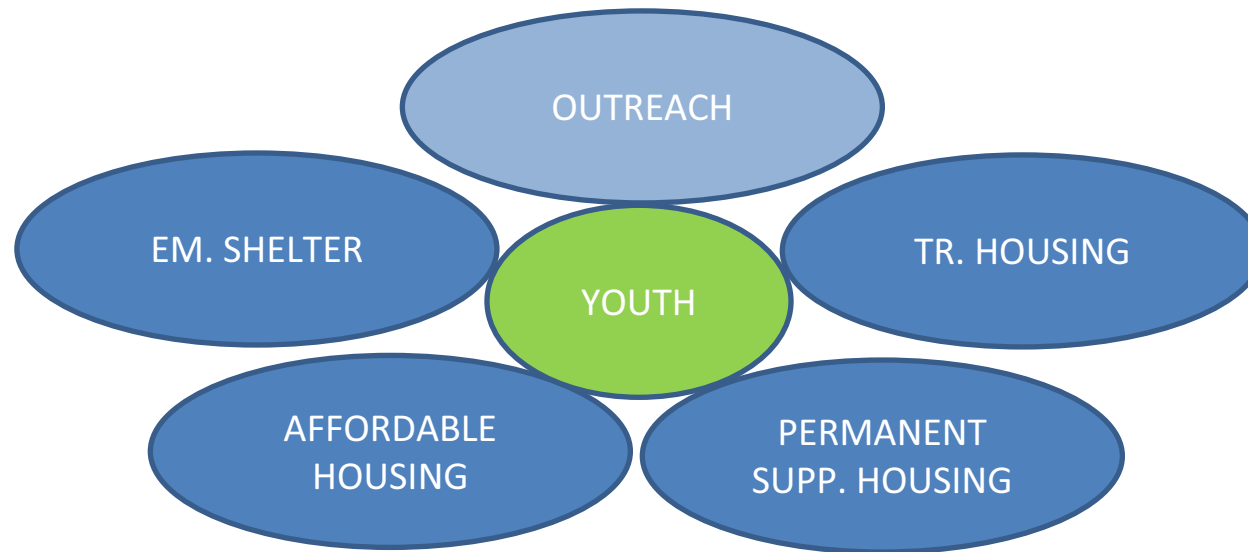


Community
Center/Drop in
Center and
Transitional housing
program (8 beds)

Emergency shelter
(12 beds)

Progress Place Apartment- PSH (14 beds)

A continuum of care for homeless youth



Youth will access housing options based on their needs.

On average we serve about 100 homeless youth age 18-25 in our continuum of care each year.

Progress Place Apartments



Progress Place Apartments are an 8-unit permanent supportive housing project that provides housing to 14 youth with a mental disability

Our Plans for the Future: Environmental Changes

New Paradigm for Homeless Services

On May 20, 2009 President Obama signed into law the HEARTH ACT (Homeless Emergency Assistance and Rapid Transition to Housing Act) that establishes the new guidelines for homeless services amending the McKinney-Vento Homeless Assistance Act. The most important changes starting in FY 2011 are:

- At a local level communities must be able to collect continuum of care wide data on unduplicated counts of homeless individuals and families implementing HMIS.
- There will be a focus on performance and outcomes, with measures that were not included in under McKinney-Vento programs.
- There are not differences between shelter and transitional housing programs in terms of length of stay and program goals and contribution to performance outcome. Transitional housing will cease to be a fundable housing option as we now it.
- Emergency shelter will be limited to **30 days** only (emergency solutions).
- The **success** of a program will be measured by its capacity to place homeless individuals in permanent supportive housing or affordable housing.

Our Plans for the future: Environmental changes cont.

This new approach is defined as HOUSING FIRST model

- The main goal is to take people off the street and place them in permanent housing in the shortest time possible (30 days) and provide services directly in the unit or building homeless individual lives in.
- This model has been working in other parts of the country with positive results.
- This model reduces costs of servicing the homeless by creating a permanent solution (housing) instead of a temporary fix (shelter).

Opportunity for Growth: Housing for Youth

DIVERSIFICATION of our housing portfolio

While we want to maintain our traditional housing services (outreach shelter and transitional housing), all developments will be focused on affordable and permanent supportive housing:

- We opened a 14 units of permanent supportive housing (Progress Place Apts).
- We have a preferential agreement on the lease of 5 studio in a new affordable development (Boyle Hotel).
- We have been approached and asked to be the service provider partner in a new 33-unit permanent supportive housing development in East Los Angeles (opening 2015)
- We entered into a partnership with Genesis LA to develop and manage a low interest financing pool to purchase real estate in our community (presented later in the presentation).
- We spent the last 24 months learning and building capacity to be well-positioned for new opportunities (CSH and John Burton Foundation capacity building grants).



Background:

- Founded in 1998 by Mayor Richard Riordan
- Mission is to “bring capital and capacity to inner city neighborhoods”
- Certified as a CDFI and CDE
- Not just a “lender”; take active role in project implementation, development, and asset growth strategies for non-profit partners

PROJECTS FINANCED



1. **Plaza Pacoima**
2. **Children's Museum**
3. **Sepulveda Nordhoff**
4. **Berman Corsan**
5. **Sherman Way**
6. **Sunset & Gordon**
7. **Historic Filipinotown**
8. **Austin Center**
9. **Regional Center**
10. **Vermont Slauson**
11. **A Place Called Home**
12. **City View**
13. **Wright Road**
14. **Mama's Hot Tamales**
15. **360 Mission**
16. **Curtis CARE**
17. **La Alameda**
18. **Alliance Broadway**
19. **One Santa Fe**
20. **Sheen Educational Fnd.**
21. **Star Apartments**
22. **Friends Community Housing** (●) various sites



Recent strategies to finance supportive housing:

1. Friends Community Housing
2. My Home, Mi Casa (with Jovenes, Inc.)

Friends Community Housing: Overview

- Housing for individuals with developmental disabilities (“consumers”)
- Relocation from Lanterman Developmental Center
- Residential Community Care Facilities
- South Central Los Angeles Regional Center and non-profit sister agency (“Friends of SCLARC”)
- Genesis LA assisted with financing and oversaw development process

Friends Community Housing: Financing Challenges

- Friends of SCLARC - young non-profit with little capital but wants to grow in assets and experience
- State provides little support (grants totaling 10% of total project cost; only available as reimbursement)
- Strategy to use New Markets Tax Credits (“NMTC”) to finance portfolio of single-family homes:
 - Need scale for NMTC financing
 - Need to finance entire project up front and bridge to grants
 - Need longer term financing for 7-year compliance period
- NMTC cannot be used for “residential;” could use for this supportive housing, because service provider is “tenant” and services are significant portion of the “rental revenue” allocation per home

Friends Community Housing: Implementation

- JP Morgan Chase was NMTC investor
- Required to acquire all homes before NMTC closing
- Needed enough homes (10) for scale to justify NMTC costs
- Many requirements for homes to serve consumers:
 - Single story
 - 4 bedrooms
 - Low-Income census tracts (NMTC)
 - Want nicest areas (need to attract consumers)
 - Cannot be near other residential care facilities
- Genesis LA provided capital, financial structuring, development services and construction oversight



Genesis LA
Direct Lender:
\$4.3 million
(\$2.5 bank + \$1.8 GLA)

JP Morgan Chase
Tax Credit Investor
\$1.6 million

Friends of SCLARC
Leverage Lender:
\$4.3 million

Investment Fund
\$5.9 million QEI

State Grants
reimburse expenses
and reduce debt

Sub-CDE (NMTC lender)

\$200,000 Fees

Note A (\$4.3 million)

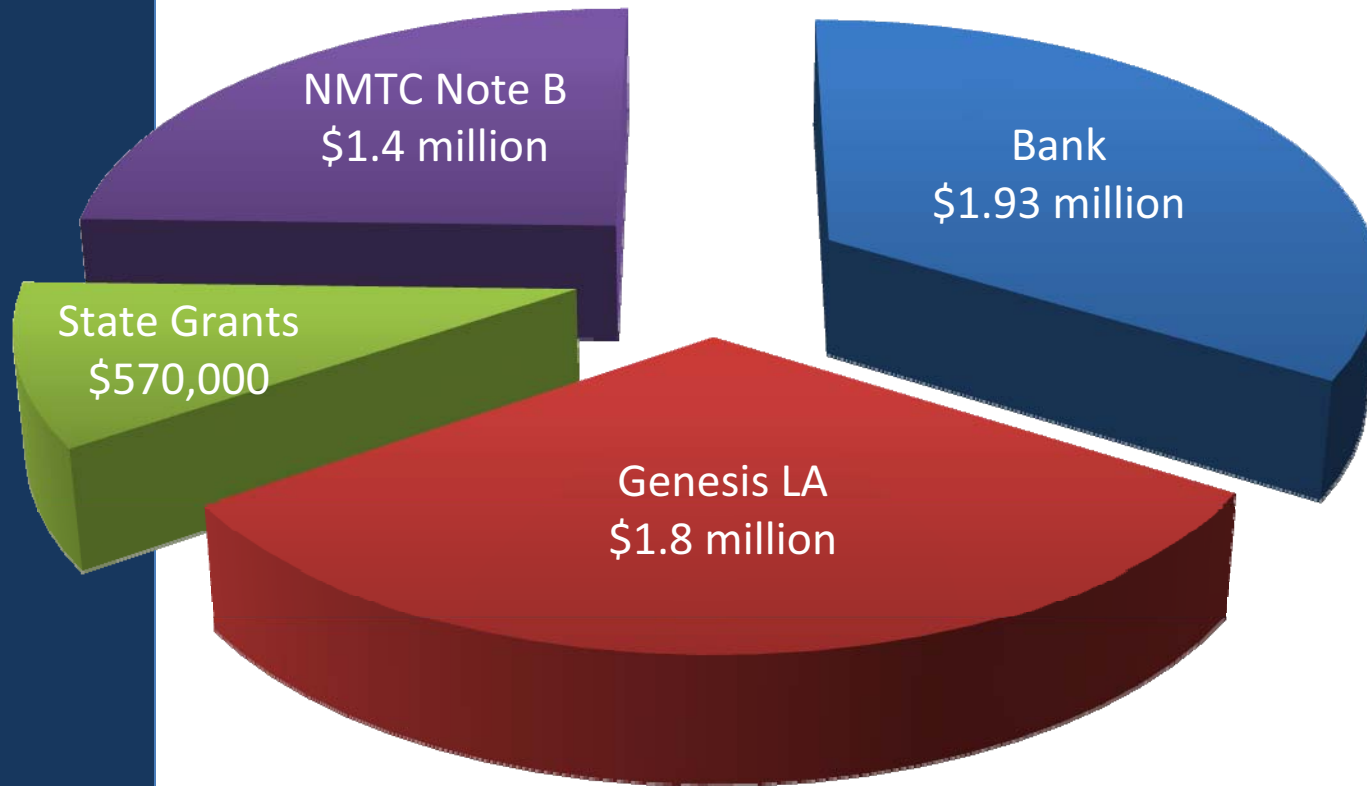
Note B (\$1.4 million)

Friends Community
Housing, LLC
(QALICB)

State Grants
\$570,000



Project Level Capital Sources



Friends Community Housing: Outcomes

- Quality, permanent supportive housing
 - full accessibility for consumers
 - “age-in-place”
- Revitalize low-income communities
 - model on block; others renovations follow
- Neighborhood context, small scale
- Asset growth for non-profit over time, with little of its own up-front investment
- Non-profit owns property, so housing available to consumers in perpetuity (“build it once model”)
- Economically viable model; very little public money

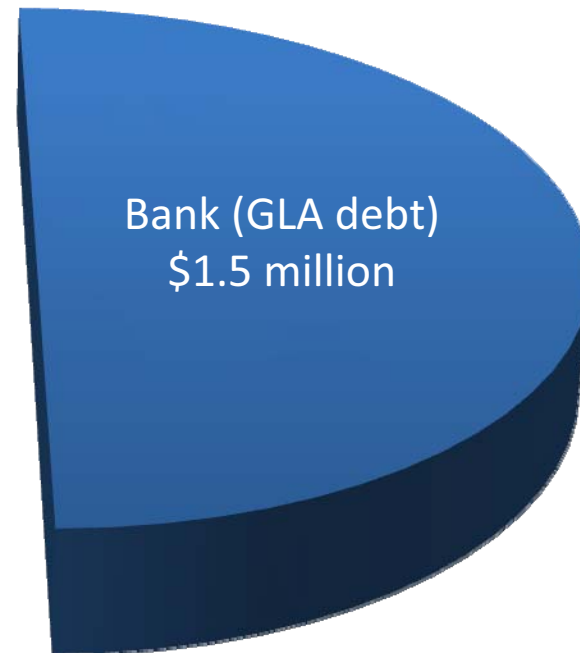
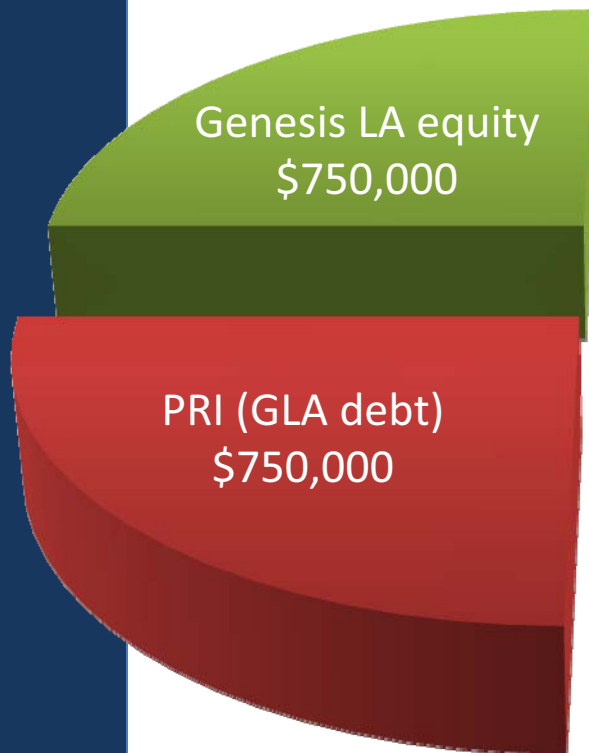


My Home, Mi Casa: Overview

- Serve transition age youth
 - Homeless
 - Immigrant
 - Broken homes
 - At-risk
- Acquire single family houses and small apartment buildings
- 1-2 youth per unit
- Distressed real estate market allows for lower cost
- No public financing or operating subsidy

My Home, Mi Casa: Financing

- 100% private capital
- \$3,000,000 pool
 - Bank Debt – 50% (senior collateral, through GLA)
 - Foundation PRI – 25% (through GLA)
 - Genesis LA equity – 25% (from GLA)



My Home, Mi Casa: Challenges & Benefits

- Challenges:
 - No capital subsidy
 - Need to balance affordability and need to cash flow without operating subsidy
- Benefits:
 - Speed in acquiring and renovating properties
 - Acquire with “all cash”
 - No restrictions on who we house (age, immigration status, etc.)
 - Create our own renovation scope

My Home, Mi Casa: Youth “Equity-Share”

- Genesis LA will share its return on equity with youth
- Youth earn “equity-share” by:
 - complying with lease
 - paying rent
 - performing basic chores

Proforma:

Rental Income

(less Operating Expenses)

(less Debt Service: senior loan + PRI)

(less Genesis LA return on equity)

(less Youth “equity-share”)

= Break Even / Cash Flow

- Instill respect, responsibility, self worth
- Youth “equity-share” accrues; Genesis LA will pay out as cash when youth move in future



My Home, Mi Casa: Project Status

- Raised \$3 million pool of capital
- Acquired and renovated first property
- Two more properties in works
- 12 – 18 month rollout
- Involve youth in some renovations
 - Habitat for Humanity / Youth Build model

